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SUBJECT Communist Plans for Army Strength and Evidence of Increased Tax on Chinese Business

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1. The Chinese Communist Army now numbers over 4,000,000 front line troops with additional auxiliaries. In the past the Army has been supported by the farmers or lived off the countryside. Now, though workers will lead the state, the merchants must give their strength and money.
2. Within a year this burden will be lightened, as all China will be liberated and the Army will be cut to a national defense force of 1,100,000. Demobilized soldiers will return to villages to take up productive work.

 Comment. That the Chinese Communist leaders are announcing a time for a general demobilization to set a term on the economic distress of their expected supporters is probably true, but it is equally true that the military leaders among the Communists do not intend to demobilize to this extent or will not be able to.

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